

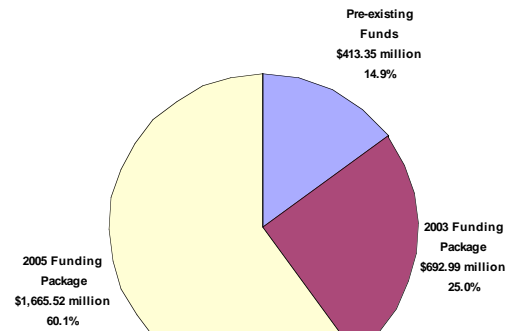
Status of Initiative 917

The Secretary of State announced on July 28, 2006 that Initiative 917 did not qualify for the November ballot based on the four percent random sample prescribed by state law. State law requires that the Secretary of State now conduct a full check of every signature submitted for Initiative 917. This work is not expected to be complete before mid-September at the earliest. In addition, the legal status of approximately 3,000 pages of signatures is in question pending review by the court.

Initiative 917: “\$30.00 car tabs”

Unlike Initiative 912 that was defeated by the voters in 2005, Initiative 917 does not address recent gas tax increases passed by the 2003 and 2005 legislatures. Instead it targets vehicle license fees (“car tabs”) and a number of other vehicle taxes. Many of these vehicle license fees and taxes were included in the 2003 and 2005 revenue packages, but not all.

The impact in the current biennium – in just the remaining seven months from the time the initiative takes effect to the end of fiscal 2007 – is just over \$100 million and ramps up next biennium to \$340 million.



Passage of Initiative 917 would result in a loss of \$2.8 billion in revenue over a sixteen-year period.

The revenue loss that would occur over the remainder of the biennium results in a projected zero or deficit position for four accounts. The projected fund balances for these accounts at the end of the 2005-07 biennium are:

1. Multimodal Transportation Account – (\$44.0 million)
2. State Patrol Highway Account – (\$6.0 million)
3. Puget Sound Ferry Operating Account – (\$.2 million)

Guidance sought by agencies as status of Initiative 917 remains uncertain

Considering that the four percent sample indicates Initiative 917 may not qualify for inclusion on the November 2006 ballot, should agencies:

- Conduct “business as usual” and proceed with awards of contracts
- Slow down, honor contractual commitments already made, but forego entering any new contracts until after certification and/or the election
- Stop work now

<u>WSDOT Contracts</u>	Before November 2006 (in millions)	After November 2006 (in millions)
Public Transportation	23.72	2.26
Rail Capital	32.20	4.53
Rail Operating	9.23	0
<u>Freight-WSDOT</u>	<u>.55</u>	<u>17.45</u>
Total	\$65.70	\$24.24

State programs potentially impacted by loss of revenue

Over sixteen years, an estimated \$1.7 billion in flexible funds (available for programs such as public transportation, paratransit, passenger and freight rail projects) and \$1.1 billion in 18th Amendment funds (restricted to highway and ferry purposes) would be eliminated.

The sales tax on vehicles (2003 Legislative Session) and the weight fee on passenger vehicles (2005 Legislative Session) were enacted specifically for non-highway purposes. Initiative 917 repeals both of these revenue sources. The loss of these two revenue sources will create an estimated loss of over \$1.7 billion over 16 years. The non-highway programs that the 2003 and 2005 legislatures focused on, include:

- The Regional Mobility Grant Program,
- Additional funding for freight projects,
- Additional Amtrak service between Seattle and Portland,
- Capital investments in passenger rail projects,
- New funding for the Bike, Pedestrian, and Safe Routes to Schools Program, and
- Additional funding for the Commute Trip Reduction Program.

The highway project commitments made by the 2003 and 2005 legislatures will also be impacted by the estimated loss of \$1.1 billion to 18th amendment revenue sources.

Impacts on accounts

The following table shows the estimated loss in revenue to the state by account:

(Millions of Dollars)	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total	% Of total
Motor Vehicle Account	(23.00)	(90.81)	(91.72)	(96.17)	(100.96)	(101.87)	(104.23)	(108.05)	(716.80)	25.9%
State Patrol Highway Account	(7.00)	(30.11)	(31.47)	(32.57)	(33.68)	(34.83)	(36.00)	(37.21)	(242.88)	8.8%
Puget Sound Ferry Operations Account	(0.40)	(1.76)	(1.84)	(1.90)	(1.96)	(2.03)	(2.09)	(2.16)	(14.14)	.5%
Multimodal Transportation Account	(67.18)	(196.95)	(208.05)	(217.51)	(225.43)	(236.55)	(242.23)	(251.57)	(1,645.48)	59.4%
Transportation 2003 (Nickel) Account	(0.87)	(4.37)	(4.55)	(4.67)	(4.79)	(4.91)	(5.03)	(5.15)	(34.36)	1.2%
Transportation Partnership Account	(1.92)	(9.62)	(10.03)	(10.29)	(10.56)	(10.82)	(11.08)	(11.34)	(75.66)	2.7%
Highway Safety Account	(0.02)	(0.07)	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)	(0.08)	(0.53)	.02%
Freight Mobility Multimodal Account	-	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(42.00)	1.5%
Total	(100.40)	(339.68)	(353.73)	(369.19)	(383.45)	(397.08)	(406.74)	(421.57)	(2,771.85)	

Caution in interpreting data

The table above displays the projected *revenue* loss to each of eight accounts. It does not include beginning balances, interest earnings, bond proceeds, on-going revenue collections from other sources, etc.

Discussions found below about projected ending balances are based upon the 2006 adopted legislative 16-year financial plan, the June Transportation Revenue Forecast, current law statutory transfers and budgetary distributions.

Discussion on Accounts:

Multimodal Transportation Account - The Multimodal Transportation Account is the largest source of funding for non-highway projects. Almost 60 percent of the revenue loss is to the Multimodal Transportation Account.

I-917 Impacts (in millions):

2005-07: (\$67.18)

2007-09: (\$196.95)

Over 16 years: (\$1,645.48)

If the initiative passes, the account is projected to be in a deficit position of over \$44 million in 2005-07 and around \$200 million in 2007-09. The Governor and the legislature will have to make revenue and/or expenditure adjustments to bring the account back into balance. About 76% of current biennium appropriations out of the multimodal account are for rail and public transportation.

Policy Issues:

- Are some multimodal transportation programs a higher priority than others? Which ones?
- Should program managers be prevented from entering into further contracts?
- Should statutory transfers be “undone” to free up funds and enable more programs to compete equally for limited funds?
- Should planned, but optional, distributions be reconsidered?
- Should bonds be sold?

State Patrol Highway Account – The Washington State Patrol Highway Account (SPHA) is used almost exclusively by the State Patrol. In fact, the Patrol’s \$309 million transportation budget in 2005-07 is funded exclusively from the State Patrol Highway Account.

Although the State Patrol Highway Account incurs less than nine percent of the total revenue loss that would result from passage of the initiative, this represents a loss of about 10% to the State Patrol budget.

The State Patrol Highway Account is estimated to be in a deficit position of at least \$6 million in 2005-07 and could be in a deficit of over \$60 million in 2007-09.

I-917 Impacts (in millions):

2005-07: (\$7.0)

2007-09: (\$30.11)

Over 16 years: (\$242.88)

Policy Issues: What cuts, or revenue increases, will be made to balance the budget? The State Patrol’s budget is largely driven by labor. For estimating orders of magnitude, 10 Washington State Patrol Troopers cost \$2.5 million a biennium, or, each \$10 million reduction would require the elimination of 40 troopers.

Freight Mobility Multimodal Account –

The Freight Mobility Strategic Investment Board receives about \$12 million per biennium for freight projects. (The dollars are actually appropriated to and administered by the Department of Transportation’s Highways and Local Programs Division) The amount of the appropriation is about the same as the amount of dedicated revenue this program receives.

There are two principal sources of revenue that support this program. The first is a statutory transfer of \$6 million per biennium from the Transportation Partnership Account to the Freight Mobility Strategic Investment Account. This is unaffected by the initiative. The second is a statutory distribution of \$6 million per biennium from the vehicle weight license fee into the Freight Mobility Multimodal Account. This second funding source is eliminated, reducing the available revenue by 50 percent or \$6 million per biennium.

I-917 Impacts (in millions):

2005-07: (\$0.00)

2007-09: (\$6.00)

Over 16 years: (\$42.00)

To date, the Freight Mobility Strategic Investment Board (FMSIB) has approved 12 projects – 6 of these are potentially impacted by the initiative since they are programmed in the 16-year financial plan to be funded, in whole or part, from the Freight Mobility Multimodal Account.

Policy Issues:

1. Should the work be stopped altogether?
2. Should work proceed, but not go to ad for construction?
3. Should some projects be cut altogether?
4. Should projects be funded from other revenue sources?
5. Should construction for independent phases continue?

Motor Vehicle Account/Transportation Partnership Account/Nickel Account - About 26 percent of the estimated revenue loss is to the Motor Vehicle Account and four percent to the Transportation Partnership Account and the 2003 Nickel Account. Combined, these total about 30 percent of the revenue loss, or an estimated \$826 million.

I-917 Impacts (in millions):

2005-07: (\$25.79)

2007-09: (\$104.80)

Over 16 years: (\$826.82)

Policy Issues:

- Should development on projects that depend on these revenue sources be slowed or stopped? If so, which projects? And, from which accounts? Are there dollar or schedule thresholds to consider?
- Should the capital projects funded by the Transportation Partnership Account and 2003 Nickel Account be the highest priority? Or completion of ferry vessels and terminals? Or, non-highway programs and projects? Should there be clear winners and losers, or should there be a sharing of the loss to the extent this is legally permissible given 18th amendment constraints?

Puget Sound Ferry Operating Account - The Puget Sound Ferry Operating Account is estimated to lose about \$400,000 in 2005-07. Before accounting for any fuel cost, labor, or other increases the ending

balance is projected to be just about \$200,000. The estimated loss of \$400,000 puts the projected ending fund balance into a deficit position.

I-917 Impacts (in millions):

2005-07: (\$.40)

2007-09: (\$1.76)

Over 16 years: (\$14.14)

Policy Issues:

- Should fares be raised? Services cut? Defer capital investments?

Impacts on state motor vehicle taxes and fees

The initiative impacts the following **state** motor vehicle-related taxes and fees:

- Eliminates the annual \$30 license fee for trailers and travel trailers.
- Under current law, trucks that weigh 6,000 pounds or more are assessed a gross weight fee based upon their empty scale weight times 150 percent. There is a graduated statutory fee schedule associated with truck weights from 4,000 to 105,000 pounds. The initiative increases the threshold for the 150% empty weight assessment from 6,000 to 20,000 pounds, effectively lowering the fees paid by trucks less than 20,000 pounds because they are no longer categorized at the higher weight- and more expensive- categories. The effect is trucks 20,000 pounds and under will pay a flat fee of \$30.00.
- Repeals the 3/10th of one percent retail sales tax on motor vehicles.
- Reduces the license plate (set) retention fee from \$20 to \$0.50.
- Reduces the license plate reflectivity fee from \$4 per set or \$2 per plate to \$1 and \$0.50 respectively.
- Reduces the license plate replacement fee from \$10 to \$0.50 per plate.
- Eliminates the \$1 filing fee levied on the annual registration of Combined License Fee (CLF) vehicles and commercial trailers.
- Eliminates annual weight fees (ranging from \$10 to \$30) on passenger vehicles, sport utility vehicles and motorcycles.
- Eliminates the \$75 annual weight fee on motor homes.

Impacts to Local Government

The initiative impacts the following **local** motor vehicle related taxes and fees:

- Eliminates the authority to levy a voter-approved MVET by an RTID or Public Transportation Benefit Area (PTBA – transit agencies). It also eliminates the authority of certain counties to levy an MVET for the purposes of building High Occupancy Vehicle Lanes.
- Requires that the Sound Transit Motor-Vehicle Excise Tax (\$30 for each \$10,000 of vehicle value) be discontinued as of March 31, 2007. The tax to be discontinued is a voter-approved local tax imposed only in portions of King, Snohomish and Pierce Counties. The tax is currently used to pay to construct and operate the *Sound Move* regional transportation system (commuter rail, light rail, express bus, and HOV improvements) in these three counties. The *Sound Move* regional transportation system is under construction and is partially complete.

- Requires Sound Transit to sell or liquidate its assets to raise the funds necessary for early repayment of bonds secured by the Sound Transit Motor Vehicle Excise Tax. Initiative 917 requires that the bonds be repaid by March 31, 2007. Under current law, Sound Transit would not be obligated to fully repay the bonds until the year 2028, and would use its assets to complete and operate the *Sound Move* regional transit system that is currently under construction.
- Eliminates the weight limit of vehicles upon which a local sales tax surcharge on rental cars may be imposed.
- Eliminates the authority of an RTID or Transportation Benefit District to levy a voter-approved local option vehicle license fee.
- Requires any previously levied RTA MVET be discontinued as of March 31, 2007.
- Requires that bonds backed by any previously levied RTA MVET must be defeased (retired) by March 31, 2007 through the sale or liquidation of existing RTA assets. The estimate of outstanding debt that would need to be retired is about \$350 million.

Transportation Revenue Forecast Council

June 27, 2006

Preliminary Estimate of Impacts

**Initiative Measure No. 917: AN ACT Relating to limiting government -
imposed charges relating to motor vehicles;**

THIS PAPER HAS BEEN PREPARED by the Transportation Revenue Forecast Council in response to questions concerning the financial impact of Initiative 917, which has been filed with the Washington Secretary of State. In response to inquiries from the Washington State Legislature, this publication includes estimated impacts on local as well as state government finances. All calculations are based on the adopted June 2006 Transportation Forecast. This publication is a work in progress. Areas where further analysis is required; where insufficient data exists from which to make an estimate; or areas beyond the purview of the council, are identified as such.

This information is provided for analytical purposes only and is not intended as an expression of support for or opposition to the proposed measure.

Initiative 917

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Section 1: The initiative's preamble.

Section 2: Eliminates \$30 License Tab Fee for trailers.

- Amends and reenacts RCW 46.16.0621, License Tab Fee.
- Changes wording of RCW 46.16.0621 (1), imposing \$30 License Tab Fee only on motor vehicles.
- Changes RCW 46.16.0621 (2) removing trailers as defined under 46.04.620 (trailers) or 46.04.623 (travel trailers) from paying the \$30 license tab fee.

Estimated Loss of Trailer Revenue By Account									
<i>(Millions of Dollars)</i>	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
108 Motor Vehicle Account	(1.37)	(4.78)	(5.02)	(5.26)	(5.51)	(5.78)	(6.06)	(6.35)	(40.14)
081 State Patrol Account	(3.25)	(11.34)	(11.89)	(12.47)	(13.07)	(13.70)	(14.37)	(15.06)	(95.15)
109 WSF Operations Account	(0.17)	(0.60)	(0.63)	(0.66)	(0.69)	(0.73)	(0.76)	(0.80)	(5.05)
Total	(4.79)	(16.73)	(17.54)	(18.39)	(19.28)	(20.21)	(21.19)	(22.22)	(140.34)

Section 3: Requires license tab fees for light trucks to not exceed \$30.

- Amends the combined licensing fee schedule contained in RCW 46.16.070 for trucks licensed based on gross weight:

Declared Weight	Current Fee	New Fee
4,000 lbs	\$40.00	\$30.00
6,000 lbs	\$50.00	\$30.00
8,000 lbs	\$60.00	\$30.00

- Raises the 150% empty scale weight provision in RCW 46.16.070 for trucks licensed based on gross weight from 6,000 to 20,000 pounds:

Declared Weight	Current Fee	New Fee
10,000 lbs	\$62.00	\$30.00
12,000 lbs	\$79.00	\$30.00
14,000 lbs	\$90.00	\$30.00
16,000 lbs	\$102.00	\$30.00
18,000 lbs	\$154.00	\$30.00
20,000 lbs	\$171.00	\$30.00

- It raises the 150% empty scale weight provision from 6,000 to 20,000, which impacts vehicles from 22,000 to 30,000 lbs:

Declared Weight	Current Fee	Charge
22,000 lbs	\$185.00	\$30.00
24,000 lbs	\$200.00	\$30.00
26,000 lbs	\$211.00	\$30.00
28,000 lbs	\$249.00	\$30.00
30,000 lbs	\$287.00	\$30.00

Estimated Loss in CLF Revenue by Account									
<i>(Millions of Dollars)</i>	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
108 Motor Vehicle Account	(10.01)	(50.05)	(52.20)	(53.58)	(54.95)	(56.32)	(57.68)	(59.05)	(393.85)
081 State Patrol Account	(3.76)	(18.77)	(19.58)	(20.10)	(20.61)	(21.12)	(21.64)	(22.15)	(147.73)
109 WSF Operations Account	(0.23)	(1.15)	(1.20)	(1.24)	(1.27)	(1.30)	(1.33)	(1.36)	(9.08)
550 Transportation 2003 (Nickel) Account	(0.87)	(4.37)	(4.55)	(4.67)	(4.79)	(4.91)	(5.03)	(5.15)	(34.36)
09H Transportation Partnership Account	(1.92)	(9.62)	(10.03)	(10.29)	(10.56)	(10.82)	(11.08)	(11.34)	(75.66)
Total	(16.80)	(83.96)	(87.57)	(89.89)	(92.18)	(94.47)	(96.76)	(99.06)	(660.69)

Section 4: Limits government-imposed charges on motor vehicles by repealing Motor Vehicle Excise Taxes (MVET).

- Amends RCW 81.100.060, eliminating the High Occupancy Vehicle tax, which is a local surcharge of 3/10ths of 1% on the value of a vehicle (local option MVET).
 - Applicable only to King, Pierce and Snohomish counties or Regional Transportation Investment Districts (RTID).
- Eliminates the weight limit of vehicles on which the local state sales tax surcharge on retail rental cars may be imposed.
- Requires valuation of motor vehicles for any special excise, motor vehicle excise tax or surcharge under 81.100.060 to comply with section 11 (valuation and depreciation schedule) of this initiative.
- Removes requirement that administrative provisions in RCW 82.03, 82.08, 82.12, and 82.32 apply to surcharges imposed in this section.
 - Currently these fees are not collected by any jurisdiction.

Section 5: Limits government-imposed charges on motor vehicles by repealing Motor Vehicle Excise Taxes and Fees.

- Amends 36.120.050, Regional Transportation Investment Districts.
- Repeals the \$100 local option vehicle license fee.
- Eliminates the option of using the local motor vehicle excise tax under 81.100.060 and 81.104 (High Capacity Transportation Tax).
- Requires that any valuation of vehicles under RCW 81.100.060 must be consistent with section 11.
 - Currently these fees are not collected by any jurisdiction.

Section 6: Repeals Retail Sales Tax on motor vehicles.

- Amends RCW 82.08.020.
- Eliminates the 3/10ths of 1% retail sales tax on the sales of new and used vehicles deposited to the Multimodal account.
- Deletes paragraph (4), which defines motor vehicle for the purposes of retail sales tax.

Estimated Loss in Retail Sales Tax Revenue by Account									
<i>(Millions of Dollars)</i>	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
218 Multimodal Transportation Account	(21.61)	(77.59)	(82.73)	(87.85)	(91.38)	(98.06)	(99.20)	(103.93)	(662.35)

Section 7: Reduces Plate Number Retention Fees.

- Amends RCW 46.16.233.
- Reduces the plate number retention fee from \$20 to \$0.50.

Estimated Loss in Plate Number Retention Fees by Account									
(Millions of Dollars)	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
218 Multimodal Transportation Account	(0.25)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(6.16)

Section 8: Reduces License Plate Reflectorization Fees.

- Amends RCW 46.16.237 reducing the plate reflectivity fee to \$0.50 per plate or \$1 for a set of plates from \$2.00 and \$4.00.

Estimated Loss in Plate Reflectorization Revenue by Account									
(Millions of Dollars)	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
108 Motor Vehicle Account	(2.63)	(8.98)	(8.89)	(9.34)	(9.85)	(9.82)	(10.00)	(10.39)	(69.90)

Section 9: Reduces Plate Replacement Fee.

- Amends RCW 46.16.270 reducing the plate replacement fee to \$0.50 per plate from \$10.00.

Estimated Loss in Plate Replacement Revenue by Account									
(Millions of Dollars)	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
108 Motor Vehicle Account	(8.98)	(26.99)	(25.61)	(27.99)	(30.64)	(29.96)	(30.49)	(32.25)	(212.91)

Section 10: Repeals various fees.

- Repeals RCW 82.80.100, the RTID local option vehicle license (Estimate to be determined).
- Repeals RCW 82.80.130, passenger-only ferry local option MVET (Estimate to be determined).
- Repeals RCW 46.16.071, additional fees to the highway safety account and current county expense fund
 - This fee, collected by the Department of Licensing, Counties, and Licensing Subagents, is a \$1 filing fee added to vehicles registered under RCW 46.16.070 (Trucks) and 46.16.085 (Commercial Trailers)

Estimated Loss in Motor Vehicle Filing Revenue by Account									
<i>(Millions of Dollars)</i>	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
106 Highway Safety Account	(0.02)	(0.07)	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)	(0.08)	(0.53)
Current County Expense Account	(0.92)	(3.28)	(3.42)	(3.51)	(3.60)	(3.69)	(3.78)	(3.87)	(26.07)
Total	(0.94)	(3.35)	(3.49)	(3.58)	(3.67)	(3.77)	(3.86)	(3.95)	(26.61)

- Repeals RCW 46.17.010, vehicle weight fees imposed on passenger vehicles.

Estimated Loss in Vehicle Weight Revenue by Account									
<i>(Millions of Dollars)</i>	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
218 Multimodal Transportation Account	(41.34)	(106.06)	(111.45)	(115.20)	(118.97)	(122.76)	(126.62)	(130.53)	(872.95)
09E Freight Mobility Investment Account	-	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(42.00)
Total	(41.34)	(112.06)	(117.45)	(121.20)	(124.97)	(128.76)	(132.62)	(136.53)	(914.95)

- Repeals RCW 46.17.020, vehicle weight fees imposed on motor homes.

Estimated Loss in Motor Home Weight Revenue by Account									
<i>(Millions of Dollars)</i>	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
218 Multimodal Transportation Account	(3.98)	(12.46)	(13.02)	(13.62)	(14.24)	(14.88)	(15.56)	(16.27)	(104.03)

- Repeals RCW 82.80.140, Transportation Benefit Districts \$100 local-option annual vehicle fee.
 - Currently these fees are not imposed by any jurisdiction.

Section 11: Market Value of Vehicles.

Adds a new section to RCW 82.44.

- Requires that any Motor Vehicle Excise Tax (MVET) imposed must be based on the “taxable value”.
 - “Taxable value” equals the product of a percentage based on a vehicle’s year of service (see tabulation below), and the market value of the vehicle.
 - “Market Value” means the latest purchase price (subsection 6).
 - The year in which a purchase occurs shall be considered a first year of service.
- Establishes a depreciation schedule based on years of service of the vehicle since its most recent sale. The year in which a purchase occurs shall be considered a first year of service.

Year of Service	Percentage
1	100%
2	75%
3	60%
4	50%
5	40%
6	30%
7	20%
8	10%
9 and over	5%

- Requires re-issuance of title and registration because of installation of special equipment be treated as a sale for MVET purposes.
- Authorizes the use of NADA, bluebook and several other valuation methods including appraisal by a County Auditor.
- Excludes value attributable to modifications of a motor vehicle and equipment that are designed to facilitate the use or operation of the motor vehicle by a handicapped person from valuation.

Initiative 776 repealed state laws governing how vehicles are valued for purposes of excise taxation. Jurisdictions that currently impose an MVET are obligated through indebtedness to utilize the repealed valuation statutes. In this analysis this is referred to as “Old MVET”. Substitute Senate Bill 6247 (Chapter 318, Laws of 2006) creates two new “market based”, vehicle depreciation schedules. One schedule is for use in valuing heavy and medium trucks and is based on the average, annual national market depreciation for all vehicles in the class. The other schedule is used for all other vehicles and represents average, annual western-region market depreciation for passenger vehicles and light trucks. This is current law.

Application of the I-917 Motor Vehicle Excise Tax valuation methodology would be prospective only and have no fiscal impact to either the state or any local jurisdiction. With more than six million registered vehicles in Washington State, even subtle changes to the valuation method can result in significant changes in the assessment profile. The table below illustrates the different valuation outcomes resulting from the Old MVET, current law, and I-917. This illustration is based on a hypothetical application of each valuation method on a statewide basis.

Alternative 5 (SSB 6247)- Table 1 - Statewide
SSB 6247 Tax Base = 100% of Purchase Price for Heavy and Medium Trucks
SSB 6247 Tax Base = 85% MSRP for other vehicles, Depreciation = Market Based
I-917 Base = Purchase Price, Depreciation 9 year schedule
Number of Vehicles, MVET, Alternative, and I-917 Value for FY2005

	Statewide								
	Number	Old MVET Value (Mils)		Alternative (SSB 6247) Value (Mils)		Difference between Old Base and SSB 6247 (Mils)	I-917 Value		Difference between SSB 6247 Base and I-917 Base
		Total	Percent	Total	Percent		Total	Percent	
Use Class									
1. Other	5,667	\$144	0.2%	\$110	0.2%	-\$34	\$91	0.2%	-\$18
2. Trucks - Commercial, Combination	285,804	\$3,578	6.1%	\$2,839	6.5%	-\$739	\$2,464	7.6%	-\$374
3. Motorcycle	164,552	\$836	1.4%	\$614	1.4%	-\$222	\$444	1.3%	-\$81
4. Farm, Farm Combination, LOG	18,160	\$93	0.1%	\$72	0.1%	-\$20	\$59	0.1%	-\$13
5. Motorhome	81,509	\$1,897	3.2%	\$1,455	3.3%	-\$441	\$1,400	4.3%	-\$55
6. Passenger Car	3,936,027	\$41,143	70.8%	\$30,553	70.0%	-\$10,589	\$21,468	66.9%	-\$9,084
7. Utility Trailer	472,080	\$387	0.6%	\$294	0.6%	-\$93	\$332	1.0%	\$38
8. Truck, Personal Use	1,199,303	\$9,988	17.2%	\$7,696	17.6%	-\$2,292	\$5,784	18.0%	-\$1,911
All	6,163,102	\$58,069	100.0%	\$43,636	100.0%	-\$14,433	\$32,047	100.0%	-\$11,500

Applying these valuation outcomes to a hypothetical statewide MVET of 1/10th of 1 percent assessed value would yield the following revenue:

1/10th of 1 percent	Old MVET	Alternative (SSB 2647)	I-917
Revenue Yield	\$58,069,000	\$43,636,000	\$32,047,000

Section 12: Market Value of Vehicles.

- Amends RCW 82.44.065 (Appeal of valuation of motor vehicle excise tax) to refer to section 11.

Section 13: Valuation of Vehicles.

- Amends RCW 35.95A.130 (Monorail special excise tax).
- Refers to section 11.
- Requires a taxing authority under this RCW to abide by the policies of section 11.

Section 14: Valuation of vehicles.

- Amends RCW 81.104.160 (Motor vehicle excise tax--Sales and use tax on car rentals for high capacity transportation service).
- Requires any tax under previous versions of this section must be discontinued as provided under section 15.

Section 15: Bonds based on repealed taxes or fees.

- Adds a new section to RCW 81.112.
- Requires that bonds pledged under 81.104.160 must be defeased or retired by March 31, 2007.
- Stops collection of MVET supporting these bonds as of March 31, 2007.
- Requires funding of “defeasement” by sale or liquidation of assets including cash reserves, short-term investments and securities, or sale of other assets.

Analysis of this section is beyond the purview of the Council.

Section 16: Requires liberal construction of the act.

- Technical boilerplate.

Section 17: Invalidation of sections of the initiative.

- Holds that if a section of the act is invalid, other sections are not affected.
- States that if the reduction of a tax or fee impairs a contract, that only the unused portion of taxing authority is repealed.

Section 18: Litigation concerning the initiative.

- Requires a taxing district to pay 18% annualized interest if it continues to collect a tax while litigating the tax and the court subsequently upholds the initiative.

Section 19: Subheadings are not part of the law.

Technical boilerplate

Section 20: Names the act.

- “SaveOur30Tabs.com – Don’t Let the Politicians Take Away Our \$30 Tabs”

Section 21: Effective Date.

- Sets effective date of December 7, 2006 for all sections of the act except Section 11 shall take effect on March 31, 2007.

I-917 Summary Fiscal Impact

Quantifiable Impact to State Revenue

Estimated Loss in Revenue									
<i>(Millions of Dollars)</i>	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
Group 1 Vehicles (\$30)	(4.79)	(16.73)	(17.54)	(18.39)	(19.28)	(20.21)	(21.19)	(22.22)	(140.34)
Group 2 Vehicles (CLF)	(16.80)	(83.96)	(87.57)	(89.89)	(92.18)	(94.47)	(96.76)	(99.06)	(660.69)
Passenger Vehicle Weight Fees	(41.34)	(112.06)	(117.45)	(121.20)	(124.97)	(128.76)	(132.62)	(136.53)	(914.95)
Motor Home Weight Fees	(3.98)	(12.46)	(13.02)	(13.62)	(14.24)	(14.88)	(15.56)	(16.27)	(104.03)
Plate Reflectivity	(2.63)	(8.98)	(8.89)	(9.34)	(9.85)	(9.82)	(10.00)	(10.39)	(69.90)
Plate Replacement Fees	(8.98)	(26.99)	(25.61)	(27.99)	(30.64)	(29.96)	(30.49)	(32.25)	(212.91)
Retail Sales Tax	(21.61)	(77.59)	(82.73)	(87.85)	(91.38)	(98.06)	(99.20)	(103.93)	(662.35)
Motor Vehicle Filing Fees	(0.02)	(0.07)	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)	(0.08)	(0.53)
Plate Number Retention Fees	(0.25)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(6.16)
Total	(100.40)	(339.68)	(353.73)	(369.19)	(383.45)	(397.08)	(406.74)	(421.57)	(2,771.85)
Estimated Loss in Revenue by Account									
108 Motor Vehicle Account	(23.00)	(90.81)	(91.72)	(96.17)	(100.96)	(101.87)	(104.23)	(108.05)	(716.80)
081 State Patrol Highway Account	(7.00)	(30.11)	(31.47)	(32.57)	(33.68)	(34.83)	(36.00)	(37.21)	(242.88)
109 WSF Account	(0.40)	(1.76)	(1.84)	(1.90)	(1.96)	(2.03)	(2.09)	(2.16)	(14.14)
218 Multimodal Transportation Account	(67.18)	(196.95)	(208.05)	(217.51)	(225.43)	(236.55)	(242.23)	(251.57)	(1,645.48)
550 Transportation 2003 (Nickel) Account	(0.87)	(4.37)	(4.55)	(4.67)	(4.79)	(4.91)	(5.03)	(5.15)	(34.36)
09H Transportation Partnership Account	(1.92)	(9.62)	(10.03)	(10.29)	(10.56)	(10.82)	(11.08)	(11.34)	(75.66)
106 Highway Safety Account	(0.02)	(0.07)	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)	(0.08)	(0.53)
09E Freight Mobility Multimodal Account	-	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(42.00)
Total	(100.40)	(339.68)	(353.73)	(369.19)	(383.45)	(397.08)	(406.74)	(421.57)	(2,771.85)

Quantifiable Impact to Local Revenue

Estimated Loss in Revenue by Account									
<i>(Millions of Dollars)</i>	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
Current Highway Expense Account	(0.92)	(3.28)	(3.42)	(3.51)	(3.60)	(3.69)	(3.78)	(3.87)	(26.07)

Quantifiable Impact to State Accounts									
(Millions of Dollars)									
108 Motor Vehicle Account	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
Trailer License Fee (\$30)	(1.37)	(4.78)	(5.02)	(5.26)	(5.51)	(5.78)	(6.06)	(6.35)	(40.14)
Truck License Fee (CLF)	(10.01)	(50.05)	(52.20)	(53.58)	(54.95)	(56.32)	(57.68)	(59.05)	(393.85)
Plate Reflectivity	(2.63)	(8.98)	(8.89)	(9.34)	(9.85)	(9.82)	(10.00)	(10.39)	(69.90)
Plate Replacement Fees	(8.98)	(26.99)	(25.61)	(27.99)	(30.64)	(29.96)	(30.49)	(32.25)	(212.91)
Total	(23.00)	(90.81)	(91.72)	(96.17)	(100.96)	(101.87)	(104.23)	(108.05)	(716.80)
081 State Patrol Highway Account									
Trailer License Fee (\$30)	(3.25)	(11.34)	(11.89)	(12.47)	(13.07)	(13.70)	(14.37)	(15.06)	(95.15)
Truck License Fee (CLF)	(3.76)	(18.77)	(19.58)	(20.10)	(20.61)	(21.12)	(21.64)	(22.15)	(147.73)
Total	(7.00)	(30.11)	(31.47)	(32.57)	(33.68)	(34.83)	(36.00)	(37.21)	(242.88)
109 WSF Account									
Trailer License Fee (\$30)	(0.17)	(0.60)	(0.63)	(0.66)	(0.69)	(0.73)	(0.76)	(0.80)	(5.05)
Truck License Fee (CLF)	(0.23)	(1.15)	(1.20)	(1.24)	(1.27)	(1.30)	(1.33)	(1.36)	(9.08)
Total	(0.40)	(1.76)	(1.84)	(1.90)	(1.96)	(2.03)	(2.09)	(2.16)	(14.14)
218 Multimodal Transportation Account									
Passenger Vehicle Weight Fees	(41.34)	(106.06)	(111.45)	(115.20)	(118.97)	(122.76)	(126.62)	(130.53)	(872.95)
State Retail Sales/Use Tax on Motor Vehicles	(21.61)	(77.59)	(82.73)	(87.85)	(91.38)	(98.06)	(99.20)	(103.93)	(662.35)
Motor Home Weight Fees	(3.98)	(12.46)	(13.02)	(13.62)	(14.24)	(14.88)	(15.56)	(16.27)	(104.03)
Plate Number Retention Fees	(0.25)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(6.16)
Total	(67.18)	(196.95)	(208.05)	(217.51)	(225.43)	(236.55)	(242.23)	(251.57)	(1,645.48)
550 Transportation 2003 (Nickel) Account									
Truck License Fee (CLF)	(0.87)	(4.37)	(4.55)	(4.67)	(4.79)	(4.91)	(5.03)	(5.15)	(34.36)
Total	(0.87)	(4.37)	(4.55)	(4.67)	(4.79)	(4.91)	(5.03)	(5.15)	(34.36)
09H Transportation Partnership Account									
Truck License Fee (CLF)	(1.92)	(9.62)	(10.03)	(10.29)	(10.56)	(10.82)	(11.08)	(11.34)	(75.66)
Total	(1.92)	(9.62)	(10.03)	(10.29)	(10.56)	(10.82)	(11.08)	(11.34)	(75.66)
106 Highway Safety Account									
Motor Vehicle Filing Fees	(0.02)	(0.07)	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)	(0.08)	(0.53)
Total	(0.02)	(0.07)	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)	(0.08)	(0.53)
09E Freight Mobility Multimodal Account									
Passenger Vehicle Weight Fees	-	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(42.00)
Total	-	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(42.00)
Total	(100.40)	(339.68)	(353.73)	(369.19)	(383.45)	(397.08)	(406.74)	(421.57)	(2,771.85)

Initiative 917

Preliminary Estimate of Impacts

This analysis has been prepared by the Transportation Revenue Forecast Council in response to questions concerning the financial impact of Initiative 917, which has been filed with the Washington Secretary of State. All calculations are based on the adopted June 2006 Transportation Forecast.

This information is a work in progress and is provided for analytical purposes only and is not intended as an expression of support or opposition to the proposed measure.

Quantifiable Impacts to State Accounts

(Millions of Dollars)

	Biennia								
	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	Total
Pre-existing Funding									
108 Motor Vehicle Account									
Trailer License Fee (\$30) – Pre-existing	(1.37)	(4.78)	(5.02)	(5.26)	(5.51)	(5.78)	(6.06)	(6.35)	(40.14)
Truck License Fee (CLF) – Pre-existing	(3.74)	(18.70)	(19.50)	(20.02)	(20.53)	(21.04)	(21.55)	(22.06)	(147.13)
Plate Replacement Fees – Pre-existing	(2.17)	(7.13)	(6.77)	(7.40)	(8.10)	(7.92)	(8.06)	(8.53)	(56.07)
Subtotal 108 Motor Vehicle Account	(7.28)	(30.61)	(31.28)	(32.67)	(34.14)	(34.74)	(35.67)	(36.94)	(243.33)
081 State Patrol Highway Account									
Trailer License Fee (\$30) – Pre-existing	(3.25)	(11.34)	(11.89)	(12.47)	(13.07)	(13.70)	(14.37)	(15.06)	(95.15)
Truck License Fee (CLF) – Pre-existing	(1.32)	(6.62)	(6.90)	(7.08)	(7.26)	(7.44)	(7.63)	(7.81)	(52.07)
Subtotal 081 State Patrol Highway Account	(4.57)	(17.96)	(18.79)	(19.55)	(20.34)	(21.15)	(21.99)	(22.87)	(147.22)
109 Ferry Operations Account									
Trailer License Fee (\$30) – Pre-existing	(0.17)	(0.60)	(0.63)	(0.66)	(0.69)	(0.73)	(0.76)	(0.80)	(5.05)
Truck License Fee (CLF) – Pre-existing	(0.10)	(0.50)	(0.52)	(0.53)	(0.54)	(0.56)	(0.57)	(0.59)	(3.90)
Subtotal 109 Ferry Operations Account	(0.27)	(1.10)	(1.15)	(1.19)	(1.24)	(1.29)	(1.33)	(1.39)	(8.96)
550 Transportation 2203 (Nickel) Account									
Truck License Fee (CLF) – Pre-existing	(0.35)	(1.76)	(1.83)	(1.88)	(1.93)	(1.98)	(2.03)	(2.08)	(13.84)
Total Pre-existing Funding	(12.47)	(51.43)	(53.06)	(55.30)	(57.65)	(59.15)	(61.03)	(63.27)	(413.35)
2003 Funding Package									
108 Motor Vehicle Account									
Truck License Fee (CLF) – 2003 Funding	(0.42)	(2.11)	(2.20)	(2.26)	(2.32)	(2.37)	(2.43)	(2.49)	(16.60)
081 State Patrol Highway Account									
Truck License Fee (CLF) – 2003 Funding	(0.15)	(0.75)	(0.78)	(0.80)	(0.82)	(0.84)	(0.86)	(0.88)	(5.88)
109 Ferry Operations Account									
Truck License Fee (CLF) – 2003 Funding	(0.01)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.07)	(0.44)
550 Transportation 2203 (Nickel) Account									
Truck License Fee (CLF) – 2003 Funding	(0.04)	(0.20)	(0.21)	(0.21)	(0.22)	(0.22)	(0.23)	(0.23)	(1.56)
218 Multimodal Transportation Account									
Retail Sales/Use Tax on Motor Vehicles – 2003 Funding	(21.61)	(77.59)	(82.73)	(87.85)	(91.38)	(98.06)	(99.20)	(103.93)	(662.35)
Plate Number Retention Fees – 2003 Funding	(0.25)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(6.16)
Subtotal 218 Multimodal Transportation Account	(21.86)	(78.43)	(83.58)	(88.70)	(92.22)	(98.90)	(100.04)	(104.77)	(668.51)
Total 2003 Funding Package	(22.48)	(81.54)	(86.82)	(92.03)	(95.64)	(102.40)	(103.63)	(108.44)	(692.99)
2005 Funding Package									
108 Motor Vehicle Account									
Truck License Fee (CLF) – 2005 Funding	(5.85)	(29.24)	(30.50)	(31.31)	(32.11)	(32.90)	(33.70)	(34.50)	(230.12)
Plate Reflectivity Fee – 2005 Funding	(2.63)	(8.98)	(8.89)	(9.34)	(9.85)	(9.82)	(10.00)	(10.39)	(69.90)
Plate Replacement Fees – 2005 Funding	(6.81)	(19.87)	(18.85)	(20.59)	(22.54)	(22.04)	(22.43)	(23.72)	(156.84)
Subtotal 108 Motor Vehicle Account	(15.30)	(58.09)	(58.24)	(61.24)	(64.50)	(64.76)	(66.13)	(68.62)	(456.87)
081 State Patrol Highway Account									
Truck License Fee (CLF) – 2005 Funding	(2.28)	(11.41)	(11.90)	(12.22)	(12.53)	(12.84)	(13.15)	(13.46)	(89.79)
109 Ferry Operations Account									
Truck License Fee (CLF) – 2005 Funding	(0.12)	(0.60)	(0.63)	(0.64)	(0.66)	(0.68)	(0.69)	(0.71)	(4.74)
550 Transportation 2203 (Nickel) Account									
Truck License Fee (CLF) – 2005 Funding	(0.48)	(2.41)	(2.51)	(2.58)	(2.64)	(2.71)	(2.78)	(2.84)	(18.96)
218 Multimodal Transportation Account									
Passenger Vehicle Weight Fees – 2005 Funding	(41.34)	(106.06)	(111.45)	(115.20)	(118.97)	(122.76)	(126.62)	(130.53)	(872.95)
Motor Home Weight Fees – 2005 Funding	(3.98)	(12.46)	(13.02)	(13.62)	(14.24)	(14.88)	(15.56)	(16.27)	(104.03)
Subtotal 218 Multimodal Transportation Account	(45.33)	(118.52)	(124.47)	(128.82)	(133.20)	(137.65)	(142.18)	(146.80)	(976.97)
11E Freight Mobility Multimodal Account									
Passenger Vehicle Weight Fees – 2005 Funding	-	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(42.00)
106 Highway Safety Account									
Motor Vehicle Filing Fees – 2005 Funding	(0.02)	(0.07)	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)	(0.08)	(0.53)
09H Transportation Partnership Account									
Truck License Fee (CLF) – 2005 Funding	(1.92)	(9.62)	(10.03)	(10.29)	(10.56)	(10.82)	(11.08)	(11.34)	(75.66)
Total 2005 Funding Package	(65.45)	(206.72)	(213.85)	(221.87)	(230.17)	(235.52)	(242.09)	(249.86)	(1,665.52)
Total Impact	(100.40)	(339.68)	(353.73)	(369.19)	(383.45)	(397.08)	(406.74)	(421.57)	(2,771.85)